

31 JANUARY 2011

## **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**

**St George Mining Limited (ASX: SGQ)** ("St George Mining" or "the Company"), a gold and nickel focused exploration company, is pleased to present to shareholders its first Quarterly Activities Report since commencing trading on the ASX on 16 November 2010.

### **HIGHLIGHTS**

- **St George Mining listed on the ASX on 16 November 2010 after raising A\$4 million through an oversubscribed Initial Public Offering (IPO) and is now fully funded for its medium term exploration program.**
- **St George Mining will undertake extensive exploration activity over the next year, with the objective of substantially increasing the value of the Group's Projects through successful, cost-effective and targeted exploration activity.**
- **Exploration projects are located in two highly mineralised areas of Australia – the North East Goldfields of Western Australia and the Pine Creek mineral field in the Northern Territory.**
- **A drilling program to test the Company's multiple drill targets at the East Laverton Property in Western Australia commenced in Q4 2010.**

### **1. CORPORATE**

St George Mining launched its IPO with a Prospectus dated 18 August 2010 for the issue of 20,000,000 shares at 20 cents per share.

The IPO closed on 11 October 2010, oversubscribed, with the Company successfully raising A\$4 million.

St George Mining completed a listing on the Australian Stock Exchange and commenced trading on the Australian Stock Exchange under the code **SGQ** on 16 November 2010.

The Company has secured exploration projects in two richly mineralised areas of Australia – the North East Goldfields of Western Australia and the Pine Creek mineral field in the Northern Territory.

Previous exploration at the Company's tenements has generated a number of attractive prospects. New targets have also been generated by St George Mining as a result of ongoing exploration activities. Several of these prospects are ready for immediate drilling whilst others will provide a robust pipeline of exploration areas for future assessment.

## 2. EAST LAVERTON PROPERTY

### Overview

St George Mining has 100% ownership of a tenement package covering a contiguous area of 1,445.30 sq km in the eastern edge of the North East Goldfields of Western Australia (the “East Laverton Property”), an area that the Company believes has the potential to become a major new mineral province.

This represents a dominant landholding in an area that contains the southern extension of the nickel-rich Duketon Belt and is also in proximity to the Tropicana gold deposit (5+ Moz Au) (see Figure 1).

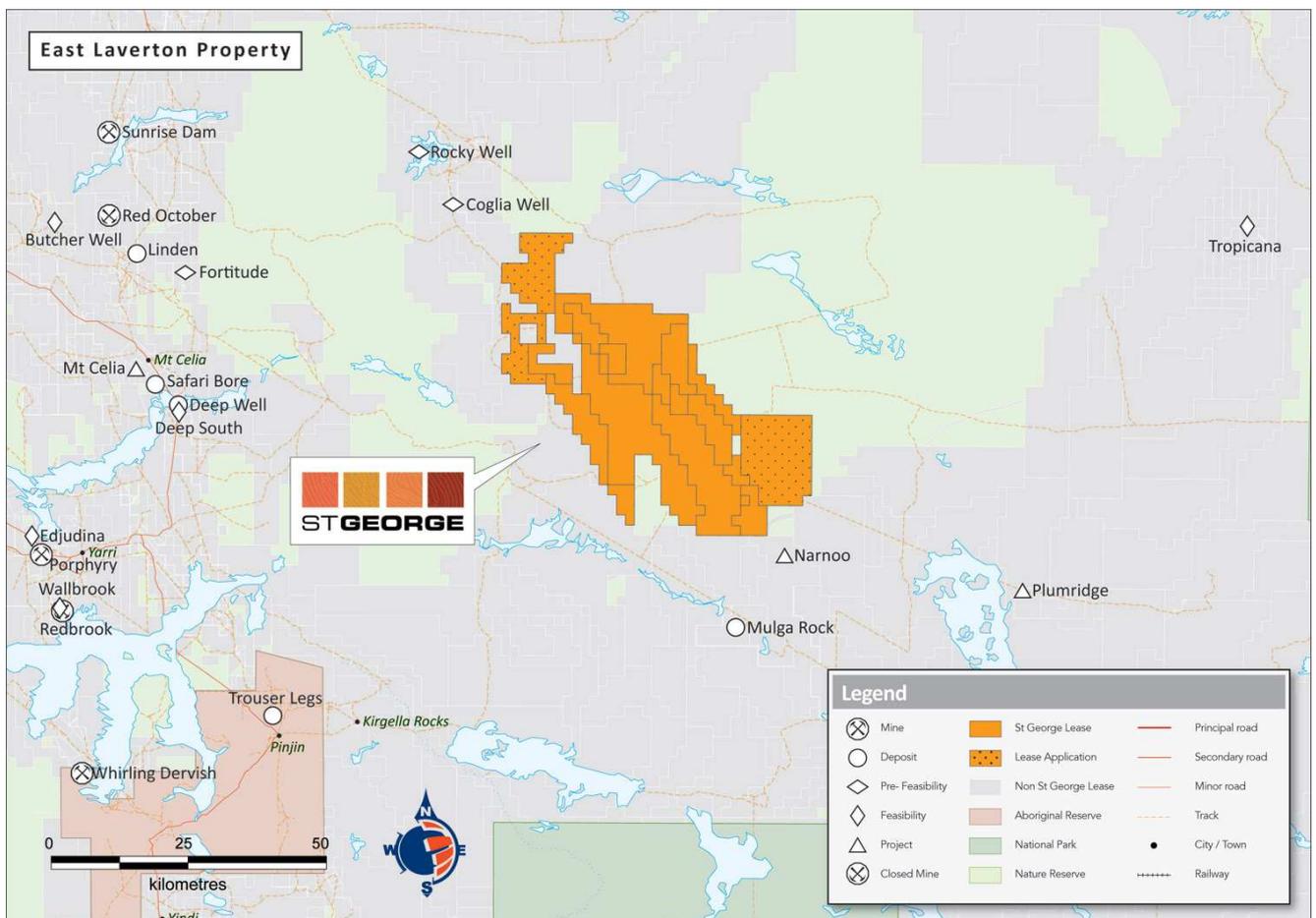


Figure 1 – Location of the East Laverton Property.

The East Laverton Property captures a complex area with numerous gold and nickel targets. It is centered on the regional Minigwal and Stella Range Faults which are cross-cut by a fundamental North East-South West tensional fault system, informally known as the “Tropicana Trend”. This major structural confluence creates an optimal trap-site for localising gold mineralisation (see Figure 2).

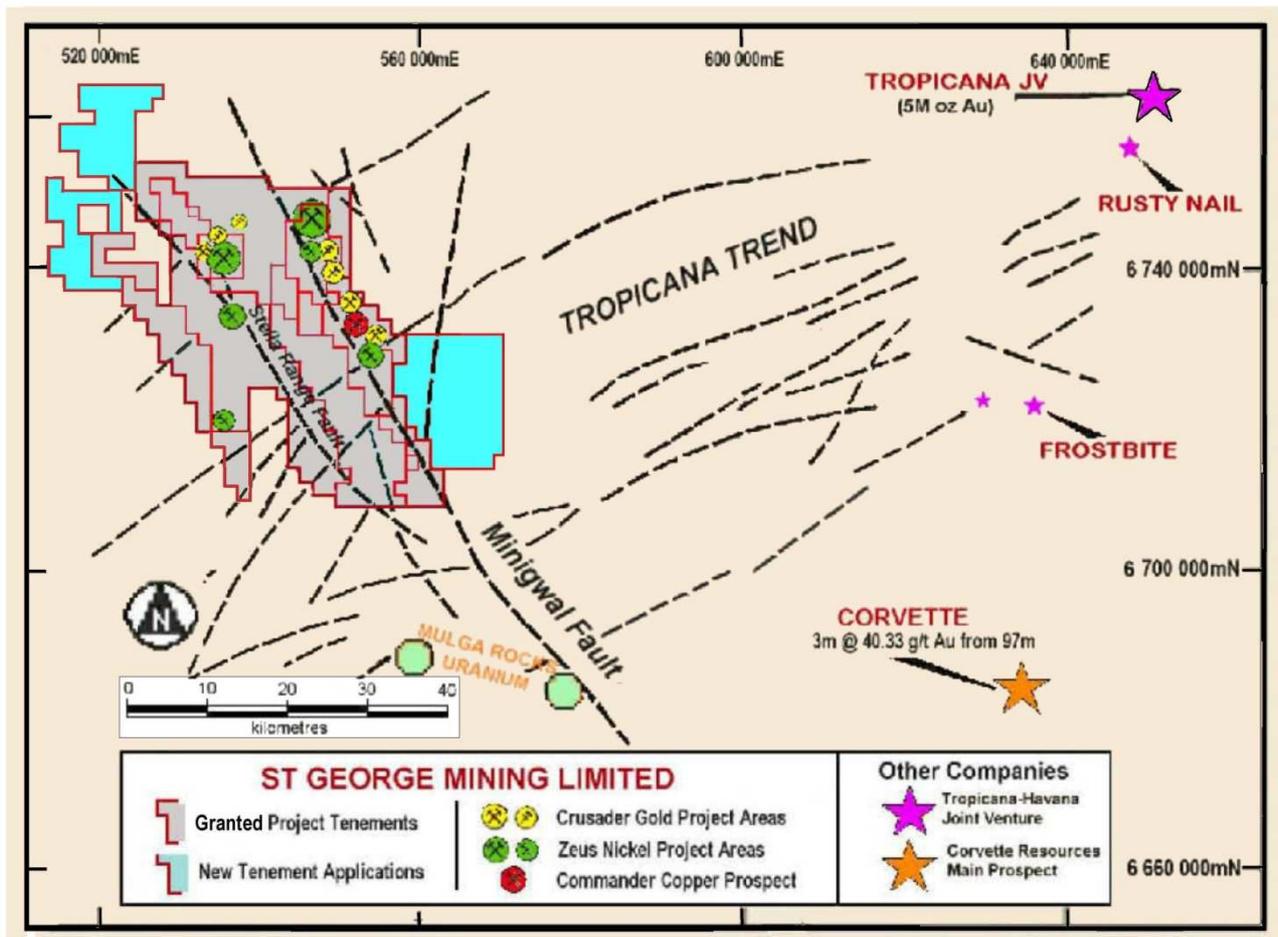


Figure 2 – Regional Structures at the East Laverton Property.

The Group’s tenements in this region host the Crusader Gold Project, the Zeus Nickel Project and the Empire Copper Project. Each Project provides multiple opportunities for the discovery of a significant economic mineral deposit.

### East Laverton Exploration Activities

In June 2010, the Company commenced a regional multi-element MMI (“mobile metal ion”) soil geochemical survey over the East Laverton Property. MMI (partial leach) soil geochemistry is a technology that mitigates the shortcomings of conventional (pedogenic) geochemistry in covered and deeply weathered areas such as East Laverton.

The purpose of this survey is to provide a holistic assessment of the larger potential of the East Laverton Property at the regional scale and provide a better context for understanding the current prospects.

The survey to date has been successful in identifying known gold and nickel prospects, and in identifying new targets. Infill sampling of high priority areas that contain a combination of known prospects and new targets is now underway. The infill program will assist in selecting drill sites.

In November 2010, a reverse-circulation (RC) drilling programme for up to 3,600m commenced at the East Laverton Property. The main focus of the drilling programme is to test three of the Company's advanced gold targets – Desert Knight, Desert King and Desert Dragon. These prospects are situated within two large gold systems identified by the Company's regional MMI (mobile metal ion) soil geochemical survey, which commenced earlier this year.

### **East Laverton Tenements**

As at the time of the issue of the Prospectus on 18 August 2010, the Company owned 100% of 19 tenements at the East Laverton Property. Of these, 16 were granted Exploration Licences and three were applications for Exploration Licences.

During the quarter, these three applications were granted – E39/1549, E39/1565 and E39/1572.

The Company has applied for an additional two Exploration Licences at East Laverton E39/1601 and E39/1608.

## **3. PINE CREEK PROPERTY**

### **Overview**

In the Northern Territory, the Company has entered into an option to acquire an 80% interest in a tenement area that is highly prospective for gold and uranium. The ground hosts the Blue Thunder Gold Project and the White Strike Uranium Project.

Diamond drilling carried out by a previous explorer at the Blue Thunder Gold Project has identified an extensive gold system which the Company believes is prospective for a major gold deposit. The Company has applied for an additional six exploration licences, held 80% by St George Mining, and when granted these will increase the total project area at the Pine Creek Property to 1,253.50 sq km. Two of these applications were granted in November 2010.

Figure 3 below shows the location of the Company's tenements ("Pine Creek Property"), and highlights their close proximity to other major projects including the Hayes Creek Project (Uranium) of Thundelarra Exploration Limited (ASX: THX), the Quantum Prospect (Uranium and Rare Earths) of Territory Uranium Limited (ASX: TUC) and the Cosmo Howley Mine (2+Moz Gold) of Crocodile Gold Corp (TSX: CRK).

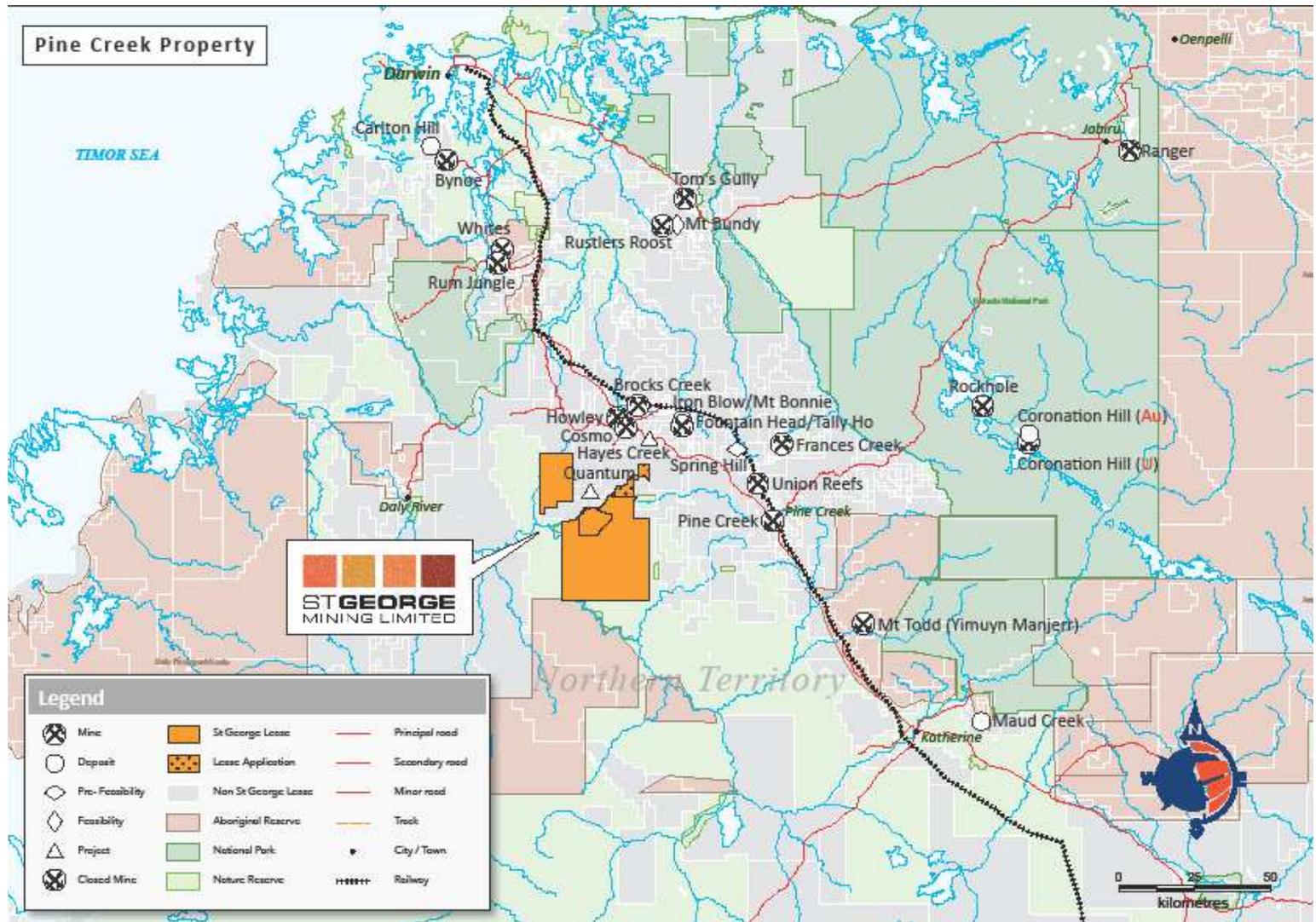


Figure 3 – Location of the Pine Creek Property.

### Pine Creek Exploration Activities

The diamond drilling carried out by Homestake Gold Australia Limited (AGAL) at the Pine Creek Property intersected sulphide-rich gold mineralisation within the extensive and highly mineralised Koolpin Formation at the Pine Creek Property. Subsequent to this drilling, HGAL conducted a MMI geochemical orientation survey which successfully confirmed a surface gold-cobalt soil anomaly over the previously intersected mineralisation.

The Company will use MMI geochemistry at the Pine Creek Property as an inexpensive and effective means to test the potential of the broader lease area for extensions and repetitions of the known mineralisation. This MMI survey is scheduled to commence in Q2 2011.

A follow-up drill program for the Pine Creek Property also is scheduled to be carried out Q3 2011. The Company will utilize the data from the previous HGAL drill intersections, together with the available geochemical geophysical data, to model priority areas for a planned drilling campaign.

### **Pine Creek Tenements**

In respect of the Pine Creek Property, the Company owned an interest in three tenement applications at the time of the issue of the Prospectus on 18 August 2010. Each of these applications for Exploration Licences was granted in November 2010.

The Company has applied for a further four Exploration Licences adjacent to or nearby the granted tenements. The application numbers are ELA's 28232, 28332, 28463 and 28465. The Company expects these applications to be granted during 2011.

### **For further information, please contact:**

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### **Competent Person Statement:**

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Andrew Hawker of Hawker Geological Services Pty Ltd. Mr Hawker is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking. This qualifies Mr Hawker as a "Competent Person" as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hawker consents to the inclusion of information in this announcement in the form and context in which it appears

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

St George Mining Limited

ABN

21 139 308 973

Quarter ended ("current quarter")

31 December 2010

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(825)	(1,106)
(b) development	-	-
(c) production	-	-
(d) administration	(191)	(261)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	(54)	(81)
<b>Net Operating Cash Flows</b>	<b>(1,069)</b>	<b>(1,447)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(60)	(60)
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(60)</b>	<b>(60)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,129)</b>	<b>(1,507)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	4,000	4,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	70
1.17	Repayment of borrowings	(370)	(370)
1.18	Dividends paid	-	-
1.19	Other – Cost of Issue	(220)	(265)
<b>Net financing cash flows</b>		<b>3,410</b>	<b>3,435</b>
<b>Net increase (decrease) in cash held</b>		<b>2,281</b>	<b>1,928</b>
1.20	Cash at beginning of quarter/year to date	30	383
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>2,311</b>	<b>2,311</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	155
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	\$'000
Directors fees and remuneration	117
Accounting and bookkeeping and secretarial services	38

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	
3.2 Credit standby arrangements	NIL	

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	-
4.3 Production	-
4.4 Administration	65
<b>Total</b>	<b>415</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,311	30
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantee deposit)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,311</b>	<b>30</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

6.2 Interests in mining tenements acquired or increased	E39/1549	Exploration Licence (WA)	0%	100%
	E39/1565	Exploration Licence (WA)	0%	100%
	E39/1572	Exploration Licence (WA)	0%	100%
	EL27732	Exploration Licence (NT)	0%	80%
	EL28016	Exploration Licence (NT)	0%	80%
	EL28017	Exploration Licence (NT)	0%	80%

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Performance Securities</b>	100	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	52,500,000	23,325,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,000,000	20,000,000	0.20	0.20
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

